

Enterprise Zone Program

An Incentive for Housing Development

Housing developers and contractors building or rehabilitating housing in economically distressed areas of Iowa now have an additional incentive to do so. In order to promote development in economically distressed areas of the state, Iowa established the Enterprise Zone Program. Developers and contractors building or rehabilitating housing in an established Enterprise Zone may be eligible to receive certain state tax benefits.

Eligibility Requirements

- The developer or contractor must build or rehabilitate at least four single-family homes or at least one multi-family building containing three or more units in a certified Enterprise Zone.
- The housing must be modest homes or units and include all the necessary amenities.
- The housing must, when completed and made available for occupancy, meet HUD Housing Quality Standards and local housing codes.
- The housing project must be completed within two years of the start of construction or rehabilitation.
- The local Enterprise Zone Commission and the Iowa Department of Economic Development must approve the proposed housing project prior to project initiation.

Tax Benefits

- The developer or contractor may receive a refund of state sales, service, or use taxes paid during construction.
- The developer or contractor may receive an investment tax credit of up to a maximum of 10% of the investment directly related to the construction or rehabilitation of the housing. The tax credit is based on the new investment used for the first \$140,000 of value for each home or unit.* This Iowa tax credit may be carried forward for up to seven years or unit depleted.

** If the project is, in part, financed through federal, state, and local government tax credits, grants, and forgivable loans, these monies can not be included for purposes of calculating the investment tax credit.*